

## REPORT

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1. Manfred Weiss:

- a. The total number employed by the Manfred Weiss company (now called Matyas Rakosi) is about 19,000; this includes an office staff of over 6,500. The manufacturing program includes a great variety of goods. There is a large plant for non-ferrous metal production, and also a fairly large plant with electrolytic furnaces for the production of aluminum.
- b. Until recently, only small quantities of munitions were made at Manfred Weiss and production was confined to rifle and machine gun ammunition, and hand grenades. The munitions were made secretly in buildings marked "Stores", etc. No labor from the Manfred Weiss plant was employed for this kind of work; contact was prohibited between these employees and Manfred Weiss employees. In recent months, this secrecy has been somewhat reduced with more and more of the Manfred Weiss workmen taking part in equipping several large modern buildings with machine tools.
- c. During the winter months, two large locomotives supplied extra steam for heating, etc., so that building and work would not be held up during cold weather.

2. Özd & Diosgyör: Large extensions have been made at both these iron and steel works; two large machine shops are being rapidly equipped and the forging and machining of guns has already begun. Much railway material is made. For the past few months, 1,000 tons of armor plate have been delivered per month, probably to Hofherr-Schrantz; besides this, 1,000 tons of shrapnel steel have recently been made. Reports indicate that the monthly output will be greatly increased. At Diosgyör, the entire management, including the Communist party secretary, has recently been replaced.

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CENTRAL INTELLIGENCE AGENCY

50X1-HUM

-2-

3. MAVAG: Extensive additions have been made at this plant also. In January 1950, twenty-five locomotives were produced for Russia. Very few locomotives are made for Hungary. About 40-50 Russian tanks are constantly under going repairs at MAVAG. MAVAG made 3½ and 5-ton trucks including some with Diesel engines. MAVAG also builds bridges.
4. Lang: This firm manufactures, among other things, steam turbines of considerable size. Diesel engines and mortars were made here during the war.
5. Győr Wagon Factory: This factory delivers railway trucks to Russia for reparations, and makes a great deal of the smaller railway equipment such as couplings, etc. Three-ton trucks are included in the manufacturing program.
6. Hofherr-Schranz: There is an indication that this firm is obtaining armor plate and is making armored cars, possibly also tanks; its usual manufacturing program includes tractors and agricultural machinery. A large former munitions plant is situated next to Hofherr-Schranz.
7. Ganz Wagon Works: The total number of employees at this plant is now about 8,600 including an office staff of over 1,700. The office staff is about three times the pre-war size of 540. Some very large buildings have been erected in the past two years. The number of these buildings with their equipment permits a considerable increase in production of railway trucks. Sixty-ton trucks, apparently for carrying ore and liquids, are being turned out in large numbers for Russian reparations. Twenty Diesel trains are also being made for Russia, the price of each is 13,000,000 Forints. Each train comprises a Diesel engine and six coaches. The first train is to be completed in February 1950. 50X1-HUM  
Yugoslavia, before the breakdown of relations, ordered 27 power stations, some of them hydroelectric, to be supplied and erected by Ganz. Orders from Yugoslavia amounted to \$200,000,000; advance payment by Yugoslavia was about \$70,000,000, but very little was actually delivered.
8. Ganz Shipyards: The total number of employees at the shipyards is about 3,500 including an office staff of 700 - 800. Reparation orders for Russia included 1,100-ton and 2,300-ton vessels (the last type was discontinued) and floating and other cranes. These works also make the drums for the rail trucks (made by Ganz Wagon Works). Boilers for power stations are also made at the plant.
9. Ganz Electric: Large additions have been made at this plant, and the final number of employees will be about 3,000 - 3,500, with an office staff of 800 - 1,000. Production at the plant is hindered by many factors, e.g. total lack of ball bearings, poor and insufficient iron and steel, inferior copper, and bad insulation materials. These factors frequently cause breakdowns of electrical machines before delivery, and wiring a machine three or four times is an everyday occurrence. Large turbogenerators frequently break down after a few weeks' service.
10. Standard Electric: The production of military short-wave transmitters and receivers was commenced some time ago; recent reports show that this is now being done on a large scale; radar equipment is also being made. (This firm was one of the most active in procuring orders for deliveries to Russia after the war).
11. Orion: (Until nationalization, a subsidiary of Tungsram). Apart from routine work, Orion makes large quantities of electronic measuring instruments for wireless work for Russia. These are not reparation orders.

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50X1-HUM

CENTRAL INTELLIGENCE AGENCY

-3-

## Industrial Products

12. Ball bearings: The total lack of ball bearings has become one of Hungary's greatest problems, and with the exhaustion of all stocks, old and second-hand ball bearings are being used when such are to be had. No ball bearings were available for the cranes which were to be delivered to Russia, and when this was made clear, Russia offered to supply the necessary ball bearings. The bearings were received and built in, but on completion of the work, the Russians refused to take delivery as the specification stipulated. The almost complete non-existence of ball bearings is having a serious effect on the whole industry and has caused quite a number of stoppages, particularly in the motor industry. It is quite likely that the delay at Győr Wagon Works on delivery of the Steyr-type truck is caused partly by the lack of ball bearings.
13. About 8 months ago, two carloads of ball bearings were imported to Hungary at a price of 35 percent above normal 50X1-HUM  
[redacted]  
[redacted]
14. Industrial Jewels - Sapphires for instruments: The total stock in all plants in Hungary is about 2,000 (i.e. enough for one or two months). State factories were offering and paying 31 per jewel last January; second-hand jewels were 30 forint each. Large quantities are required for military purposes - transmitters etc.
15. Manganese resistance wire: Because of the very great shortage, the price of 0.1 mm wire is about 1,000 forint per kilogram.
16. Electrical measuring instruments and apparatus: Production has been stopped on a number of instruments because of the absence of the necessary materials. Substitute materials are used extensively in many other cases with disastrous results.
17. Tools: Drills, taps, dies, and many other small tools have reached the very lowest level in quality; inferior steel, bad workmanship and slovenly tempering are the causes.

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